

1 AN ACT concerning local government.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Local Government Debt Reform Act is
5 amended by changing Section 15 as follows:

6 (30 ILCS 350/15) (from Ch. 17, par. 6915)

7 Sec. 15. Double-barrelled bonds. Whenever revenue bonds
8 have been authorized to be issued pursuant to applicable law
9 or whenever there exists for a governmental unit a revenue
10 source, the procedures set forth in this Section may be used
11 by a governing body. General obligation bonds may be issued
12 in lieu of such revenue bonds as authorized, and general
13 obligation bonds may be issued payable from any revenue
14 source. Such general obligation bonds may be referred to as
15 "alternate bonds". Alternate bonds may be issued without any
16 referendum or backdoor referendum except as provided in this
17 Section, upon the terms provided in Section 10 of this Act
18 without reference to other provisions of law, but only upon
19 the conditions provided in this Section. Alternate bonds
20 shall not be regarded as or included in any computation of
21 indebtedness for the purpose of any statutory provision or
22 limitation except as expressly provided in this Section.

23 Such conditions are:

24 (a) Alternate bonds shall be issued for a lawful
25 corporate purpose. If issued in lieu of revenue bonds,
26 alternate bonds shall be issued for the purposes for which
27 such revenue bonds shall have been authorized. If issued
28 payable from a revenue source in the manner hereinafter
29 provided, which revenue source is limited in its purposes or
30 applications, then the alternate bonds shall be issued only
31 for such limited purposes or applications. Alternate bonds

1 may be issued payable from either enterprise revenues or
2 revenue sources, or both.

3 (b) Alternate bonds shall be subject to backdoor
4 referendum. The provisions of Section 5 of this Act shall
5 apply to such backdoor referendum, together with the
6 provisions hereof. The authorizing ordinance shall be
7 published in a newspaper of general circulation in the
8 governmental unit. Along with or as part of the authorizing
9 ordinance, there shall be published a notice of (1) the
10 specific number of voters required to sign a petition
11 requesting that the issuance of the alternate bonds be
12 submitted to referendum, (2) the time when such petition must
13 be filed, (3) the date of the prospective referendum, and
14 (4), with respect to authorizing ordinances adopted on or
15 after January 1, 1991, a statement that identifies any
16 revenue source that will be used to pay the principal of and
17 interest on the alternate bonds. The clerk or secretary of
18 the governmental unit shall make a petition form available to
19 anyone requesting one. If no petition is filed with the
20 clerk or secretary within 60 30 days of publication of the
21 authorizing ordinance and notice, the alternate bonds shall
22 be authorized to be issued. But if within this 60 30 days
23 period, a petition is filed with such clerk or secretary
24 signed by electors numbering the greater of (i) 2.5% 7.5% of
25 the registered voters in the governmental unit or (ii) 200 of
26 those registered voters or 15% of those registered voters,
27 whichever is less, asking that the issuance of such alternate
28 bonds be submitted to referendum, the clerk or secretary
29 shall certify such question for submission at an election
30 held in accordance with the general election law. The
31 question on the ballot shall include a statement of any
32 revenue source that will be used to pay the principal of and
33 interest on the alternate bonds. The alternate bonds shall be
34 authorized to be issued if a majority of the votes cast on

1 the question at such election are in favor thereof provided
2 that notice of the bond referendum, if held before July 1,
3 1999, has been given in accordance with the provisions of
4 Section 12-5 of the Election Code in effect at the time of
5 the bond referendum, at least 10 and not more than 45 days
6 before the date of the election, notwithstanding the time for
7 publication otherwise imposed by Section 12-5. Notices
8 required in connection with the submission of public
9 questions on or after July 1, 1999 shall be as set forth in
10 Section 12-5 of the Election Code. Backdoor referendum
11 proceedings for bonds and alternate bonds to be issued in
12 lieu of such bonds may be conducted at the same time.

13 (c) To the extent payable from enterprise revenues, such
14 revenues shall have been determined by the governing body to
15 be sufficient to provide for or pay in each year to final
16 maturity of such alternate bonds all of the following: (1)
17 costs of operation and maintenance of the utility or
18 enterprise, but not including depreciation, (2) debt service
19 on all outstanding revenue bonds payable from such enterprise
20 revenues, (3) all amounts required to meet any fund or
21 account requirements with respect to such outstanding revenue
22 bonds, (4) other contractual or tort liability obligations,
23 if any, payable from such enterprise revenues, and (5) in
24 each year, an amount not less than 1.25 times debt service of
25 all (i) alternate bonds payable from such enterprise revenues
26 previously issued and outstanding and (ii) alternate bonds
27 proposed to be issued. To the extent payable from one or
28 more revenue sources, such sources shall have been determined
29 by the governing body to provide in each year, an amount not
30 less than 1.25 times debt service of all alternate bonds
31 payable from such revenue sources previously issued and
32 outstanding and alternate bonds proposed to be issued. The
33 conditions enumerated in this subsection (c) need not be met
34 for that amount of debt service provided for by the setting

1 aside of proceeds of bonds or other moneys at the time of the
2 delivery of such bonds.

3 (c-1) In the case of alternate bonds issued as variable
4 rate bonds (including refunding bonds), debt service shall be
5 projected based on the rate for the most recent date shown in
6 the 20 G.O. Bond Index of average municipal bond yields as
7 published in the most recent edition of The Bond Buyer
8 published in New York, New York (or any successor publication
9 or index, or if such publication or index is no longer
10 published, then any index of long-term municipal tax-exempt
11 bond yields selected by the governmental unit), as of the
12 date of determination referred to in subsection (c) of this
13 Section. Any interest or fees that may be payable to the
14 provider of a letter of credit, line of credit, surety bond,
15 bond insurance, or other credit enhancement relating to such
16 alternate bonds and any fees that may be payable to any
17 remarketing agent need not be taken into account for purposes
18 of such projection. If the governmental unit enters into an
19 agreement in connection with such alternate bonds at the time
20 of issuance thereof pursuant to which the governmental unit
21 agrees for a specified period of time to pay an amount
22 calculated at an agreed-upon rate or index based on a
23 notional amount and the other party agrees to pay the
24 governmental unit an amount calculated at an agreed-upon rate
25 or index based on such notional amount, interest shall be
26 projected for such specified period of time on the basis of
27 the agreed-upon rate payable by the governmental unit.

28 (d) The determination of the sufficiency of enterprise
29 revenues or a revenue source, as applicable, shall be
30 supported by reference to the most recent audit of the
31 governmental unit, which shall be for a fiscal year ending
32 not earlier than 18 months previous to the time of issuance
33 of the alternate bonds. If such audit does not adequately
34 show such enterprise revenues or revenue source, as

1 applicable, or if such enterprise revenues or revenue source,
2 as applicable, are shown to be insufficient, then the
3 determination of sufficiency shall be supported by the report
4 of an independent accountant or feasibility analyst, the
5 latter having a national reputation for expertise in such
6 matters, demonstrating the sufficiency of such revenues and
7 explaining, if appropriate, by what means the revenues will
8 be greater than as shown in the audit. Whenever such
9 sufficiency is demonstrated by reference to a schedule of
10 higher rates or charges for enterprise revenues or a higher
11 tax imposition for a revenue source, such higher rates,
12 charges or taxes shall have been properly imposed by an
13 ordinance adopted prior to the time of delivery of alternate
14 bonds. The reference to and acceptance of an audit or
15 report, as the case may be, and the determination of the
16 governing body as to sufficiency of enterprise revenues or a
17 revenue source shall be conclusive evidence that the
18 conditions of this Section have been met and that the
19 alternate bonds are valid.

20 (e) The enterprise revenues or revenue source, as
21 applicable, shall be in fact pledged to the payment of the
22 alternate bonds; and the governing body shall covenant, to
23 the extent it is empowered to do so, to provide for, collect
24 and apply such enterprise revenues or revenue source, as
25 applicable, to the payment of the alternate bonds and the
26 provision of not less than an additional .25 times debt
27 service. The pledge and establishment of rates or charges
28 for enterprise revenues, or the imposition of taxes in a
29 given rate or amount, as provided in this Section for
30 alternate bonds, shall constitute a continuing obligation of
31 the governmental unit with respect to such establishment or
32 imposition and a continuing appropriation of the amounts
33 received. All covenants relating to alternate bonds and the
34 conditions and obligations imposed by this Section are

1 enforceable by any bondholder of alternate bonds affected,
2 any taxpayer of the governmental unit, and the People of the
3 State of Illinois acting through the Attorney General or any
4 designee, and in the event that any such action results in an
5 order finding that the governmental unit has not properly set
6 rates or charges or imposed taxes to the extent it is
7 empowered to do so or collected and applied enterprise
8 revenues or any revenue source, as applicable, as required by
9 this Act, the plaintiff in any such action shall be awarded
10 reasonable attorney's fees. The intent is that such
11 enterprise revenues or revenue source, as applicable, shall
12 be sufficient and shall be applied to the payment of debt
13 service on such alternate bonds so that taxes need not be
14 levied, or if levied need not be extended, for such payment.
15 Nothing in this Section shall inhibit or restrict the
16 authority of a governing body to determine the lien priority
17 of any bonds, including alternate bonds, which may be issued
18 with respect to any enterprise revenues or revenue source.

19 In the event that alternate bonds shall have been issued
20 and taxes, other than a designated revenue source, shall have
21 been extended pursuant to the general obligation, full faith
22 and credit promise supporting such alternate bonds, then the
23 amount of such alternate bonds then outstanding shall be
24 included in the computation of indebtedness of the
25 governmental unit for purposes of all statutory provisions or
26 limitations until such time as an audit of the governmental
27 unit shall show that the alternate bonds have been paid from
28 the enterprise revenues or revenue source, as applicable,
29 pledged thereto for a complete fiscal year.

30 Alternate bonds may be issued to refund or advance refund
31 alternate bonds without meeting any of the conditions set
32 forth in this Section, except that the term of the refunding
33 bonds shall not be longer than the term of the refunded bonds
34 and that the debt service payable in any year on the

1 refunding bonds shall not exceed the debt service payable in
2 such year on the refunded bonds.

3 Once issued, alternate bonds shall be and forever remain
4 until paid or defeased the general obligation of the
5 governmental unit, for the payment of which its full faith
6 and credit are pledged, and shall be payable from the levy of
7 taxes as is provided in this Act for general obligation
8 bonds.

9 The changes made by this amendatory Act of 1990 do not
10 affect the validity of bonds authorized before September 1,
11 1990.

12 (Source: P.A. 90-812, eff. 1-26-99; 91-57, eff. 6-30-99;
13 91-493, eff. 8-13-99; 91-868, eff. 6-22-00.)